

World Economic Forum in Davos

Capitalist breakdown, barbarism and the irrefutable case for international socialism

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Two reports issued for the Davos meeting of the World Economic Forum this week have both, in their own way, detailed the catastrophic breakdown of the world capitalist system, its drive into barbarism and consequently the irrefutable case for international socialism.

That was not their intention, but this necessity emerges from the facts, figures and analysis in the *Global Risks Report* of the WEF and the report entitled *Inequality.Inc* prepared for the meeting by the international aid agency Oxfam.

The WEF report stands in stark contrast to its earlier promotion of the claim that the liquidation of the Soviet Union was the triumph of capitalism over socialism which would usher in a new epoch of peace, prosperity and democracy brought about by the unfettered operation of the free market.

As the New Year statement of the WWSW editorial board explained, this was based on a fundamentally flawed analysis. It was grounded on the false identification of Stalinism and its nationalist dogma of “socialism in one country” developed by the bureaucracy against the perspective of world socialist revolution which had formed the foundation of the October 1917 revolution.

Rather than representing the end of socialism, the liquidation of the USSR signified that the fundamental contradiction of capitalism, that between the integrated world economy and the persistence of the outmoded nation-state system which had given rise to the horrors of two world wars in the 20th century, was reasserting itself in an even more explosive form.

In a confirmation of this analysis, the authors of the WEF report wrote that it was “set against a backdrop of rapidly accelerating technological change and economic uncertainty, as the world is plagued by a duo of dangerous crises: climate and conflict.”

It warned that governance systems were being “stretched beyond their limit,” that “weakened systems require only the

smallest shock to edge past the tipping point of resilience,” and that “corrosive socioeconomic vulnerabilities will be amplified in the near term with looming concerns about an economic downturn” amid resurgent risks “such as interstate armed conflict.”

On climate change it warned that the tipping point, at which self-perpetuating processes become irreversible, could be reached by the beginning of the next decade and “the collective ability of societies to adapt could be overwhelmed considering the sheer scale of potential impacts.”

Artificial intelligence (AI), which was the subject of much discussion at the meeting, posed the question of whether an arms race in “experimental technologies” would present “existential threats to humanity.” Nothing in the report even suggested that it would not, and in fact it warned that the use of AI in “conflict decision making” would “significantly raise the risk of accidental or intentional escalation over the next decade.”

The Oxfam report focused on two explosive trends in the socioeconomic structure of world capitalism: the staggering increase in the wealth in the hands of a billionaire oligarchy and, even more significant, the concentration of monopoly economic and political power in a handful of giant global corporations.

It noted that since 2020, at the start of the pandemic, from which they directly benefited, the world’s five richest men more than doubled their fortunes, at the rate of \$14 million per hour, from \$405 billion to \$869 billion, while almost 5 billion people, more than half the world’s population had been made poorer.

It warned that if current trends continued the world would have its first trillionaire within a decade, but poverty would not be eliminated for another 229 years.

Oxfam has pointed to the accelerating growth of wealth and income inequality for a number of years. A significant addition to its latest analysis was the focus on the increase in corporate concentration, showing how whole industries in

vital areas such as food production, energy, agriculture and technology were becoming concentrated in fewer and fewer firms.

There were many statistics which reflected this process, with one of the most striking being that the largest 0.001 percent of firms earned roughly one-third of all corporate profits.

Pointing to the connection between economic and political power, it noted that far from being accidental, this economic power had been “handed to monopolies” by governments.

Reformist organisations, including Oxfam, have called for greater taxation to rein in corporate wealth and facilitate greater social equality through the provision of increased social services.

But as its latest report acknowledged, since 1980 corporations and their wealthy owners had intensified inequality by waging a “highly effective war on taxation,” with the result that the official corporate tax rate had been halved in the major capitalist countries, and that with tax havens and “tax planning” many corporations often paid virtually no tax at all.

Corporations likewise dominate climate change policy as they “own, control, shape and financially profit from processes that emit greenhouse gases,” and seek to “block progress on a fast and just transition,” denying and spinning the truth on climate change.

In the space available here we have only touched on some of the key points in both reports. But even this brief examination raises the vital question, one that concerns the very fate of humanity: What is to be done?

The answer advanced by Oxfam is that governments and the state must be somehow compelled to act in the interests of the population against corporate power to ensure the development of social equality.

But its own report details in very many places that governments and the state, of which they are a part, are themselves the instrument of corporate power, functioning as the executive committee for the enforcement its demands.

In its conclusion, entitled “Towards an economy for all,” the report declared:

Powerful corporations are driving extreme inequality, all too often overpowering governments and undermining the choice and freedoms of people globally. Governments must use their power to rein in the runaway power of corporations.

This call has been made by Oxfam at the conclusion of their previous reports. But they never pose the question of

why it has never been implemented. The old saying there are none that are so blind as those who do not want to see comes to mind.

One of the most significant political developments in the recent period has been the rapid shift of all governments to the right, leading to what has been termed a “crisis of democracy.” The shift towards dictatorship and authoritarianism, and outright fascism, cannot be combated by an appeal to governments to change course.

In the final analysis, the new forms of rule being developed by ruling classes in all countries are not a matter of subjective choice, but are rooted in objective economic processes. Dictatorial regimes are not some kind of aberration or exception. They are the necessary form of rule for the domination of the corporations and finance capital, which, in the words of Lenin, “strives not for democracy but dictatorship.”

The authors of the Oxfam report, along with a host of other would-be reformists, with their appeals to governments to change course, never probe what is actually taking place. This is not because they are unaware of what is happening, but because to examine it would lead to conclusions they do not want to draw.

But the working class in every country must make a sober assessment of the situation and develop its political struggle accordingly. It must fight not for the reform of the capitalist state, but its overthrow and the establishment of workers’ governments to begin the transition to socialism.

The conclusion of the WEF report points in the same direction. After detailing the multiple crises besetting the capitalist system, it concludes that “cross-border coordination” remains the only way to meet “the most critical risks to human security and prosperity.”

But such collaboration and cooperation can never be achieved within the present system because each capitalist class is rooted in its own national state and fights by all means available, including war, to advance its own national interests.

This means that the program of world socialist revolution, fought for consciously by the only social force not tied to the nation-state system, the international working class, is not some far off perspective. It must become the practical program of the day, requiring the building of the necessary revolutionary party, the International Committee of the Fourth International, to lead the fight for it.



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